

SOLID WASTE MANAGEMENT PROGRAM

(BH-0008)

EXECUTIVE SUMMARY

BORROWER AND GUARANTOR: Government of the Commonwealth of the Bahamas

EXECUTING AGENCY: Department of Environmental Health Services of the Ministry of Consumers Welfare and Aviation

AMOUNT AND SOURCE: IDB: US\$23,500,000 (OC)
Local counterpart funding: US\$ 10,000,000
Total: US\$33,500,000

FINANCIAL TERMS AND CONDITIONS: Amortization period: 20 years
Disbursement period: 3.5 years
Interest rate: variable
Inspection and supervision: 1%
Credit fee: 0.75%
Currency: U.S. dollars from the Single Currency Facility

OBJECTIVES: The objective of the project is to support the GOBH to improve solid waste management services for New Providence and the Family Islands. The improved systems will aim to be efficient, financially sustainable, protect the environment and the standard of public health in the Commonwealth of The Bahamas.

DESCRIPTION: The project will consist of the following components:
(i) priority investments for disposal facilities at New Providence and ten of the Family Islands: Abaco, Andros, Bimini, Cat Island, Eleuthera, Great Exuma, Grand Bahama, Inagua, Long Island and San Salvador (US\$21 million); (ii) Hazardous waste disposal (US\$600,000); (iii) Institutional support of DEHS and studies (US\$800,000) and; (iv) an environmental health education and awareness program (US\$600,000).

The New Providence disposal system will include two components: (i) The Harrold Road sanitary landfill and; (ii) a yard waste shredding facility. The Family Islands will have 18 modified sanitary landfills and four transfer stations.

A central hazardous waste storage facility will be constructed adjacent to the Harrold Road site. Small hazardous waste containment facilities will be built at each of the sanitary landfills at the Family Islands.

DEHS will be strengthened in supervisory and financial management. The activities will include technical assistance and training at all levels.

The environmental health education component will educate, inform and increase the awareness of the general public in the following areas: waste generation, storage and containerization, collection

scheduling and procedures, litter, illegal dumping, bulky waste materials, backyard composting, waste materials exchange and derelict vehicles.

**PROJECT'S ROLE
IN THE BANK'S
COUNTRY AND
SECTOR STRATEGY:**

The Bank's strategy in The Bahamas is to support the Government's continuing efforts to improve sustained economic growth by improving competitiveness, diversifying the economy, improving intersectoral linkages, and effectively managing the country's environment for sustainable development. As part of the strategy, the Bank supports the necessary environmental regulation of new regulatory framework and policies.

The proposed operation will contribute to the protection of the environment and the improvement of sanitary conditions in the country. By strengthening the role of the public sector in environmental regulation and monitoring, as well as by establishing the mechanisms for cost recovery, the operation will improve the efficiency of the solid waste management system and enhance the preservation of natural resources and health conditions in the islands.

**ENVIRONMENTAL/
SOCIAL REVIEW:**

The environmental aspects of this project are overwhelmingly positive because benefits are derived from the totality of the program's components. Namely, improved final waste disposal for New Providence with a sanitary land fill, modified landfills in the Family Islands, improved collection, reduction of illicit dumping, initiation of a hazardous waste handling and storage program, improved institutional ability to manage, regulate and monitor the solid waste sector, initiation of derelict vehicle recycling, and educational programs to assist in raising the consciousness of the population for anti-littering, composting and recycling.

BENEFITS:

The proposed Program will result in significant environmental and health benefits from improved collection, transportation, disposal and the reduction of littering and illicit dumping. This will lead to a cleaner environment, less water and soil pollution, with a resulting positive impact on quality of life, recreation and health.

From the economic point of view, the benefits of the Program can be measured as foregone damage costs if the Program is not implemented. These are principally: (i) losses in tourist revenue; (ii) costs associated with increasing nuisance associated with overall solid waste mismanagement; (iii) costs associated with health problems; (iv) costs associated with loss of ecosystems; and (v) replacement costs of contaminated groundwater resources.

RISKS:

Risk: The institutional capacity of DEHS to fulfill its mandate as the environmental enforcing agency of the GOBH and to maintain responsibility for the New Providence residential collection and disposal services. Mitigating factors: (i) All operating functions within DEHS will be consolidated under a

specific unit reporting to the Deputy Director presently responsible for the existing Roads and Parks Division, while separating the supervisory and regulatory functions under a different Deputy Director; (ii) Performance and efficiency indicators for the collection and disposal activities will be implemented and monitored; (iii) DEHS will be strengthened to supervise and monitor the compliance with the operating and environmental standards.

POVERTY TARGETING: This program does not qualify as a poverty targeted investment.

SPECIAL CONTRACTUAL CONDITIONS: As conditions precedent to first disbursement the Bank will require:

(i) The creation and proper staffing of the Project Executing Unit with a project director, an engineer, a financial officer and an administrative assistant officer (see paragraph 3.2).

(ii) The contracting of the engineering supervision firm (see paragraph 3.4).

Other conditions

(i) Cost recovery. Previous to the awarding of the contract to construct the Harrold Road sanitary landfill, evidence of the approval of the tipping fees, to cover the cost of operation, maintenance and depreciation of the new disposal facilities (see paragraph 3.15)

(ii) Recognition of local counterpart contribution. The Bank may recognize as part of the local counterpart contribution the equivalent of US\$3.0 million as part of the expenditures in the construction of the disposal facilities at Bimini and North Eleuthera as established in paragraph 3.24 and incurred up to 18 months prior to approval of the loan.

(iii) Efficiency and performance indicators. The results of the efficiency and performance indicators, as well as financial measures taken to defray the cost of the disposal of imported goods shall be shared with the Bank on an annual basis within the 90 days following the end of each calendar year during the period of project execution and for five (5) consecutive years thereafter (see paragraph 3.15). The target value to be achieved by the indicators will be those set in paragraph 3.7. The monitoring of the indicators will be a responsibility of the Director of the DHS, the results will be made available to the public.

EXCEPTIONS TO BANK POLICY: See below.

PROCUREMENT METHOD: The procurement of works, goods and consulting services will take place in accordance with Bank policy. International competitive bidding will be obligatory for purchases of more than US\$250,000 for

goods and services and US\$2.0 million for construction works. Bidding of amounts below these ceilings will take place in accordance with local legislation.

The GOBH has requested the continuation of the services of the consulting firm hired to prepare the pre-feasibility and feasibility studies as the engineering supervision firm of the project. The exception should be granted based upon the considerations presented in paragraph 3.5.

